

21.02 Not-for-Profit Accounting – Statement of Activities

The Statement of Activities (I/S & R/E) reports revenues, net assets released from restriction, and expenses. These amounts are separated into two columns on the statement: one for amounts without donor-restrictions and one for those with donor-restrictions.

- **Revenues, gains, and other support** typically include contributions from donors and investment income. They are reported in the appropriate column depending on whether the revenues have donor restrictions.
 - Property is included at FMV at the date of the gift.
 - Services are included only if they are professional services and the NPO would have otherwise paid for them.
 - Investment income reported in the With Donor Restrictions net asset column should represent only net capital gains or other income that will remain part of the permanent donor-restricted endowment.
- **Net assets released from restriction** reports only formerly donor-restricted net assets that became free of donor restrictions during the year, generally due to the *expiration of time restrictions* or the *performance of purpose restrictions*. Such amounts are reclassified from the With Donor Restrictions column to the Without Donor Restrictions column.
- **Expenses** are reported only in the Without Donor Restrictions column. The expenditure of net assets with donor restrictions has the effect of releasing the assets from restriction, and is reported as both a release, as discussed in the preceding paragraph, and an expense from the Without Donor Restrictions category. However, remember, that donor-restricted net assets designated for endowment funds generally cannot be spent. Expenses are categorized as program services, support services, or combined costs. Expenses will be discussed in further detail in another lecture.

Summary of Changes in Net Assets on Statement of Activities		
	Without Donor Restrictions	With Donor Restrictions
Revenues	Increase	Increase
Released assets	Increase	Decrease
Expenses	Decrease	N/A

Not-for-Profit Organization
STATEMENT OF ACTIVITIES
Year Ended June 30, 20X1
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Contributions	\$ 8,640	\$ 8,390	\$ 17,030
Fees	5,400		5,400
Investment return, net	6,650	18,300	24,950
Gain on sale of equipment	850		850
Other	150		150
Net assets released from restrictions:			
Satisfaction of program restrictions	11,990	(11,990)	
Satisfaction of equipment acquisition restrictions	1,500	(1,500)	
Expiration of time restrictions	1,250	(1,250)	
Appropriation from <i>donor endowment</i> and subsequent satisfaction of any related donor restrictions	7,200	(7,200)	
Total net assets released from restrictions	<u>21,940</u>	<u>(21,940)</u>	
Total revenues, gains, and other support	<u>43,630</u>	<u>4,750</u>	<u>48,380</u>
Expenses and losses:			
Program A	13,100		13,100
Program B	8,540		8,540
Program C	5,760		5,760
Management and general	2,420		2,420
Fundraising	2,150		2,150
Total expenses	<u>31,970</u>		<u>31,970</u>
Fire loss	80		80
Actuarial loss on annuity obligations		30	30
Total expenses and losses	<u>32,050</u>	<u>30</u>	<u>32,080</u>
Change in net assets	<u>11,580</u>	<u>4,720</u>	<u>16,300</u>
Net assets at beginning of year	<u>103,648</u>	<u>161,642</u>	<u>265,290</u>
Net assets at end of year	<u>\$115,228</u>	<u>\$166,362</u>	<u>\$281,590</u>

Statement
of cash
flows

STATEMENT OF FINANCIAL POSITION

20X1

Assets	

Liabilities and net assets	

Net Assets	
Net assets <i>without</i> donor restrictions	115,228
Net assets <i>with</i> donor restrictions	<u>166,362</u>
Total net assets	<u>281,590</u>
Total liabilities and net assets	<u>\$292,220</u>